



FOR IMMEDIATE RELEASE
July 24, 2006

*Office of the United States Attorney
District of Arizona*

For Information Contact Public Affairs
ANN HARWOOD
Telephone: (602) 514-7737
Cell: (602) 809-3683

CHINESE NATIONAL INDICTED FOR STRUCTURING PROFITS FROM MASSAGE PARLOR BUSINESSES

PHOENIX -- On July 18, 2006, a federal grand jury in Phoenix returned an eleven-count indictment against Fengjuan (Lucy) Lu, 36, a Chinese national and legal permanent resident of the United States residing in Scottsdale, for structuring over \$200,000.00 in cash deposits through a bank in the summer of 2003. "Structuring" as a legal term of art refers to the practice of breaking down a single sum of currency in excess of \$10,000.00 into smaller deposits, each of which is less than \$10,000.00, for the purpose of evading the bank's reporting requirements to the Internal Revenue Service. A bank must submit a Currency Transaction Report for each cash deposit exceeding \$10,000.00 in order to create a record of the depositor and the amount deposited.

The indictment alleges that, in November 2001 and August 2002, Bank of America tellers had advised Lu of the reporting requirements, and that on the second occasion, Lu modified her cash deposit from over \$10,000.00 to \$9,500.00. The indictment further alleges that following the second warning, Lu began to store cash earnings in a safe at her home, and that on May 21, 2003 she concealed over \$190,000.00 in aggregated cash in her checked luggage for a planned flight to China. Following the seizure of the concealed money, Lu, in July of 2003, began to structure deposits from new massage parlor earnings into her mother's Bank of America account, making up to three cash deposits per day in an effort to avoid the generation of Currency Transaction Reports. In March 2006 the government seized \$77,591.60 from the escrow proceeds of a house sold by Lu; law enforcement agents were able to trace a portion of the purchase money for the house to the structured funds from the account of Lu's mother.

Lu was arrested on July 24, 2006. At her initial appearance that same afternoon, she was released on her own recognizance, ordered to surrender her passport and ordered to not leave Arizona. Trial is set in front of the Hon. David A. Campbell on September 12, 2006, at 9:00 a.m.. A conviction for structuring financial transactions carries a maximum penalty of five years imprisonment, a \$250,000.00 fine or both. In determining an actual sentence, the judge will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by the Internal Revenue Service, Criminal Investigation Division. The prosecution is being handled by Gary Restaino, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-06-676-PHX
RELEASE NUMBER: 2006-127(Lu)

###